

Section 3 Program

Fosters local economic development, job opportunities, and self-sufficiency.

Nature of Program: Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, requires that when new jobs or contracts are created as a result of the usage of certain HUD funds (including Public and Indian Housing funds), priority consideration is given, to the greatest extent feasible, to low- and very low-income persons residing in the community in which the funds are spent and to businesses that provide economic opportunities for these persons.

All direct recipients of HUD funds that are covered by Section 3 must document actions taken to comply with the regulatory requirements and submit reports annually. Pursuant to the regulation, HUD not only reviews this information for compliance, but also conducts periodic compliance reviews of recipients and contractors. Additionally, HUD investigates complaints filed by Section 3 residents and business concerns alleging noncompliance. Agencies that are found to be in noncompliance may be subject to sanctions including debarment, suspension, or limited denial of participation in HUD programs.

Applicant Eligibility: Direct recipients of HUD financial assistance, such as public housing agencies, nonprofit organizations, and state and local governments.

Legal Authority: Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u).

Administering Office: Assistant Secretary for Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Sources: Administering office; Office of Programs, Economic Opportunity Division.

On the Web: www.hud.gov/section3

Current Status: Active.